



BATS EUROPE RECOGNISED INVESTMENT EXCHANGE PARTICIPANT MANUAL

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1. Introduction

This document (the "**Participant Manual**") explains the policies, procedures and technology used by Bats Trading Limited, which trades under the name of Bats Europe ("**Bats**"). This Participant Manual supplements the Bats Rule Book. To the extent that there is any conflict or inconsistency between this Participant Manual and the Bats Rule Book, the Bats Rule Book shall apply and control to the extent of the conflict or inconsistency.

Information contained in this Participant Manual is subject to change at any time. For the latest updates, please refer to our website <http://www.batstrading.co.uk> (the "**Website**").

Terms defined in the Bats Rule Book shall have the same meaning in this Participant Manual (unless the context requires otherwise).

2. Our Mission

Our mission is "to make markets better" through innovations in technology, performance, pricing, market structure and customer service.

Bats believes competition drives innovation and that Participants should have a choice between multiple competing electronic markets and post-trade service providers.

We are continuously working to enhance our product functionality.

3. How Bats Works

Bats is recognised and regulated by the Financial Conduct Authority ("FCA") as a Recognised Investment Exchange ("**RIE**").

Bats operates a Regulated Market ("**Bats RM**"), for the admission and trading of Exchange Traded Funds and other securities, and an MTF ("**Bats MTF**") on which Participants can trade a range of pan-European financial instruments (each a "**Bats Market**" and collectively the "**Bats Markets**"). Bats also offers an Order Routing Facility ("**Bats Order Routing Facility**") through its appropriately authorised subsidiary, which enables Participants that have entered into an order routing agreement to submit Orders for execution on a Bats Market and for any unexecuted portion of the Order to be routed to alternative venues ("**Away Venues**") for execution.

From time to time, Bats may offer additional related services.

Transactions conducted on the Bats RM and Bats MTF or through the Bats Order Routing Facility are conducted under the Rules and may be centrally cleared by the Central Counterparty(ies).¹

Bats Markets

The Bats Markets are traded on the BXE and CXE Integrated Books and the BXE and CXE Dark Books. Participants may also bring Negotiated Transactions under the Rules.

Participants connect to the Bats Markets via the Bats FIX Order Handler using the industry standard FIX protocol, with Bats specific extensions or via the Bats Binary Order Entry ("BOE") protocol.

Integrated Books

The Integrated Book is an anonymous central limit order book, which combines both Displayed (or visible) and Non Displayed (or hidden) liquidity. In this book, the matching engine compares the limit price of an incoming Order with the price of resting limit Orders on the book. If the Order is immediately marketable against the book, an immediate match is made and communicated back to the Participants.

Resting Orders are matched according to the following criteria in descending order of priority:

- i. Price – the displayed limit price of the Order;
- ii. Display – Displayed (visible) Orders have priority over Non Displayed (hidden) Orders and reserve Orders; and
- iii. Time – the time the Order was received by Bats (time priority in the Bats Integrated Book is based on the time stamped on an Order when it arrives in the book).

For priority of pegged Orders, please see Section 26 (Order Types).

Trading on the Bats RM Integrated Book is opened and closed with an auction. The auction begins with a call period of fixed length, during which Participants can submit, amend and cancel orders, but no automatic execution takes place. The call period in the opening auction lasts 10 minutes and in the closing auction lasts 5 minutes. This is followed by a random additional call period of up to 30 seconds after which the auction will attempt to uncross. If the uncrossing would generate a price movement of 5% relative to the reference price, an additional price monitoring extension period of 30 seconds will be triggered. The reference price used will be the last order book traded price, or the open or close price; whichever is the most recent. If the uncrossing would leave unexecuted market orders an additional market order imbalance extension period of 30 seconds will be triggered. A random period of up to 30 seconds will be applied after each extension. A maximum of three price monitoring and three market order imbalance extension periods may be triggered in a single auction.

¹ Participants have the option to suppress the reporting of certain self matched transactions to the Central Counterparty(ies) where there is no net settlement. Please refer to the Clearing and Settlement section of the Participant Manual.

All unexecuted orders are deleted following an auction, with the exception of orders entered during the opening auction with a TimeinForce value of AtTheClose, which will rollover to the closing auction.

Periodic Auction Book

The Periodic Auction Book is a separate lit book that operates intra-day auctions throughout the trading day. It uses a standard auction price calculation with a price / size / time priority allocation of executions. The book is provided in the BXE environment.

The frequency of the auctions is based on observed activity levels in each security, with more liquid securities uncrossing more frequently. The frequency of the auction for each security is made available in the symbol reference file. There is a random period applied to the end of every auction period.

Orders submitted to the Periodic Auction Book are subject to a minimum order entry size. Orders that do not meet the minimum order entry size at the point of entry will be rejected. Any amendment to a resting order will be reassessed against the minimum order entry size and the order will be cancelled back if the amended size does not meet the minimum. The notional value of the minimum order entry size will be notified by Trade Desk Notice. The minimum order entry size, expressed as a number of shares based on the previous night's close, will be included in the daily symbol file.

To ensure best price and orderly price formation with respect to other Bats order books in continuous trading, an execution collar is applied that prevents uncrossing if the uncrossing price is outside the Bats EBBO and, if a valid uncrossing price can be generated, will only consider orders that are marketable within the collar range. If uncrossing is prevented then any eligible orders will automatically roll into the next auction.

Indicative uncrossing price and volume are disseminated in real time during auction call periods. Bats also disseminates whether or not the indicative uncrossing price is within the execution collar and therefore likely to uncross as well as a flag to indicate if the collar includes the primary market prices. If the indicative price is outside of the collar (meaning no uncrossing would occur) the indicative price and volume will be omitted from the message. If the indicative price returns to being within the collar then a new message will be published with the indicative price and volume prior to any uncrossing.

A full description of the functionality of the Periodic Auction Books is set out in the Guidance Note which is available on the Bats website.

Dark Books

The Dark Book is an anonymous midpoint order book, which is separate from the Integrated Books, where all Orders are Non Displayed. The Dark Book uses the pre-trade transparency waiver available to reference price systems under the Market in Financial Instruments Directive ("MiFID") and Regulation. Therefore, any Orders submitted to the Dark Book will

not be pre-trade transparent. The reference price used is the midpoint of the relevant Best Bid and Offer on the Listing (Primary) Market (the “PBBO”).²

Participants should note that where market data is unavailable from a particular Listing Market for whatever reason, Dark Books will not normally be supported in relation to those markets. Further information on affected markets will be made available on the Bats website or via a Trade Desk Notice. Alternatively, Participants can contact the Bats Trade Desk.

Bats LIS

Bats LIS is an additional service which allows for the interaction of non-actionable Indications of Interests (“IOIs”), resulting in the execution of Large in Scale (“LIS”) trades. The system allows non-actionable IOIs to match at or within the EBBO, with the ability to set additional price requirements such as Limit Price, Market Price and Pegged Price.

Bats LIS will identify potential matches between non-actionable IOIs submitted to the system and send an invitation to firm up to each submitter.

An invitation to firm-up will be sent if the following conditions are met on a single non-actionable IOI:

- The prices match or cross
- The symbol is available for matching
- The IOI meets the minimum volume requirements of the contra and vice versa
- The match size is equal to or superior to the LIS value
- The Scorecard for the trader must meet or exceed the Filter setting for the contra and vice versa (for further details see the LIS Service Description)

The submitter has then the opportunity to firm up within a set time limit. The time limit will depend upon the type of user and the capacity in which they are acting and will be advised by Bats from time to time.

Two firm-ups will automatically result in a negotiated trade under the following conditions:

- The symbol is available for execution
- The prices match or cross at or within the EBBO
- The volume on the firm-up meets or exceeds the minimum volume on the contra firm-up and vice versa
- The trade size is equal or superior to the LIS value symbol

The firm-up will then result in a Large In Scale Transaction on the Bats Markets and benefiting from the LIS waiver.

In order to maximise the interaction of non-actionable IOIs, each user ID submitting non-actionable IOIs will be assessed via the Scorecard. This determines an overall score based on a trader’s past behaviour. A trader who responds to invitations frequently, on the terms on their initial non-actionable IOI, will have a high score. By contrast, a trader who consistently ignores invitations to trade, or responds with an inferior terms, will have a low score.

² Where appropriate, midpoint prices are rounded (up) to four decimal places.

Users can also set filters when submitting a non-actionable IOI, which allows them to manage the counterparties with whom they are willing to interact.

Participants interested in using the LIS Service should carefully read the LIS Service Description to fully understand the functionality and behaviour.

Bats Order Routing Facility

The Bats Order Routing Facility is a separate service from the Bats Markets and is operated by Bats' appropriately authorised subsidiary. It is only available to Participants of the Bats Markets who are categorised as Eligible Counterparties, as defined under the FCA Rules.

Participants connect to the Bats Order Routing Facility via the Bats FIX Order Handler using the industry standard FIX protocol, with Bats specific extensions or via the BOE protocol.

Any Order executed through the Bats Order Routing Facility on the Bats Integrated Books and/or Bats Dark Books will be subject to the Rules. Any Order executed through the Bats Order Routing Facility on the systems or facilities that are provided by an Away Venue for the execution of Routing Orders ("**Away Venue System**") will be brought under the Rules as a Negotiated Transaction and so will be subject to the Rules.

Bats Liquidity Provider Program(s)

Bats operates a Liquidity Provider Program for Participants that wish to provide liquidity on a Bats Market in accordance with the criteria set out in Sections 8 and 9.

Bats Closing Price

On any given Working Day, Bats will publish a closing price for a Security admitted to a Bats Market using the criteria below.

Bats MTF – in any given Security, the price of the last transaction on that day. If there are no transactions on a given Working Day, the last Bats Closing Price is used.

Bats RM - in any given Security, the price of the last transaction on the Bats RM on that day, provided that it is at or within the bid and offer at the close. If it is not, the mid-point of the best bid and offer on the Integrated Book. If there is no valid bid and offer on the Integrated Book then the price of the last transaction. If there are no transactions on a given Working Day, the last Bats Closing Price is used.

Order Price Collar

All Orders submitted to the Bats Markets or Bats Order Routing Facility are subject to an Order Price Collar based on a reference price. Where an Order is received that would breach the Order Price Collar, the aggressive Order will be rejected.

The Order Price Collar is 5% or more through the EBBO, with a minimum increment of more than 1 tick. Where the EBBO is unavailable or has a one-sided quote, the Order Price Collar is 5% or more through the price of the last transaction on a market contributing to the EBBO, with a minimum increment of more than 1 tick.

Price checking will be as described above except during an auction phase on any market contributing to the EBBO. In this case the most recent price update will be used as the reference price. This will include both transactions and indicative auction value updates.

Where there is no PBBO and there has been no transaction on the Listing Market on that day, there is no Order Price Collar.

Participants who wish to impose a narrower Order Price Collar at order entry may do so on an opt-in basis either at the Participant level or session level by contacting the Bats Trade Desk (+44.207.012.8901, TradeDeskEurope@bats.com). Narrower collars are only used at the point of Order entry with respect to aggressive Orders.

Static Price Collar

A static price collar will be applied to the trading of Securities on the Bats RM to help manage volatility events. Unless notified otherwise, the collar will initially be set at 10% away from the previous closing price. This will prevent the acceptance of new aggressive orders that breach the static threshold, e.g. an aggressive buy order that would breach the threshold price would be cancelled, as would sell orders below the lower limit.

Once a collar is triggered, a two minute period will elapse before the collar will automatically move to the next threshold, unless Bats determines that the collar was breached due to an erroneous trade, in which case Bats will cancel the automatic move and bust the trade. The collar price thresholds will increase in increments of 10%.

Market Data

Full depth of book market data for Displayed Orders on the Bats Integrated Books is available via the Bats PITCH protocol.

All executions in the Bats Integrated Books and Bats Dark Books are also available on the market data feed.

Participants may also receive copies of their Orders via the Bats FIX protocol and may receive copies of their executions via either the Bats DROP or FIX protocol.

4. Technology

The Bats trading platform is housed in a world-class data centre in Equinix Slough (LD4).

The Equinix Slough (LD4) data centre provides a high level of security, redundant power supplies including an on-site backup generator, and reliable cooling. Data centre personnel are available 24/7 to maintain and service the system.

The Bats trading platform is distributed across several Linux blade servers to maximise throughput and minimise bottlenecks. More blades can be added easily to expand system capacity.

Fast, reliable data storage is provided by a Storage Area Network ("SAN").

5. Participation

Participation on the Bats Markets

Participation on the Bats Markets is open to any partnership, corporation or other organisation which meets the Eligibility Criteria set out in the Rules.

Applications for participation are made using the Bats Participant Application Form, which is available on the Website.

Bats may require additional information including:

- i. in the case of an EEA investment firm or credit institution, information on its status and the scope of its permissions, if applicable;
 - a. in the case of an Applicant which is not an EEA investment firm or credit institution, any such information as Bats may require to determine whether the Applicant is fit and proper; has a sufficient level of trading ability and competence; has adequate organisational arrangements; and has sufficient resources for the role they are to perform;
- ii. in the case of an Applicant which is not in the regulated sector and not subject to the EU anti money laundering directive (2005/60/EC), such information as Bats may reasonably require to ensure that the Applicant has in place appropriate procedures to prevent money laundering and other financial crime;
- iii. confirmation from the relevant Central Counterparty that appropriate arrangements are in place for the clearing and settlement of the Applicant's transactions.

Further information on providing clearing services for Participants can be obtained from the relevant Central Counterparty. Contact details for the Central Counterparties are available on the Website.

Use of the Bats Order Routing Facility

Access to and use of the Bats Order Routing Facility is available to Participants of the Bats Markets who are categorised as Eligible Counterparties, as defined under the FCA Rules. Access to and use of the Bats Order Routing Facility is made available at Bats' absolute discretion.

Any Participant who wishes to make use of the Bats Order Routing Facility must enter into a **Client Order Routing Agreement** with Bats' authorised subsidiary and satisfy the eligibility criteria of an Eligible Counterparty, as defined under the FCA Rules.

Use of the Bats Liquidity Provider Program

Access to and use of the Bats Liquidity Provider Program is available to Participants of the Bats Markets. Access to and use of the Bats Liquidity Provider Program is made available at Bats' absolute discretion.

Any Participant who wishes to make use of the Bats Liquidity Provider Program must enter into a Liquidity Provider Program Addendum which is available on the Website.

Use of the Bats LIS Service

Access to and use of the Bats LIS Service is available to participants of the Bats Markets. Access to and use of the Bats LIS Service is made available at Bats' absolute discretion.

Any participant who wishes to make use of the Bats LIS Service must enter into a Bats LIS Service Participant Addendum.

Further Information

Further information on the Eligibility Criteria and application process is available from Bats Participant Services: +44 20.7012.8927 or ParticipantServices@bats.com.

Further information on technical specifications and systems requirements is available from the Bats Trade Desk: +44.20.7012.8901 or TradeDeskEurope@bats.com.

6. Sponsored Access

A Participant may, at any time, apply to Bats to permit a third party (a "**Sponsored Client**") to access and use of a Bats Market ~~and~~, the Bats Order Routing Facility ~~and other services~~ on behalf of and in the name of the Participant (the "**Sponsoring Participant**"). Bats will require the Sponsoring Participant to enter into a Sponsored Access Addendum, which is available on the Website.

Bats may also require the Sponsoring Participant to have in place such systems and controls and/or to provide such information from or relating to any Sponsored Client as Bats may in its absolute discretion consider appropriate whether before or after the Sponsored Client has been allowed access to and use of a Bats Market ~~and the~~, the Bats Order Routing Facility ~~and other services~~.

Bats will deal with the Sponsoring Participant in relation to any Sponsored Client although Bats may, if it deems it appropriate, contact the Sponsored Client directly, such as in the case of operational matters.

It is the responsibility of the Sponsoring Participant to ensure that each of its Sponsored Clients complies with the duties and obligations imposed on Participants by the Rules as if the Sponsored Client were the Participant (save for in respect of any such duties and/or obligations which manifestly relate to the Sponsoring Participant only). All Orders placed and transactions executed on the Bats Markets ~~or~~, through the Bats Order Routing Facility ~~or any other services~~ by a Sponsored Client will be treated as the Orders and transactions of the Sponsoring Participant who will be wholly responsible for the acts and omissions of the Sponsored Clients they sponsor.

Bats will expect Sponsoring Participants to utilise the Sponsored Access functionality provided by Bats. This functionality includes the pre-execution control functionality, details of which can be found in the Bats Sponsored Access specification on the Website, and the DROP COPY data feed functionality, details of which can be found in the Bats DROP and FIX specifications on the Website. Sponsoring Participants shall monitor the activity of their Sponsored Clients. Where a Sponsoring Participant does not use any of the Bats Sponsored Access functionality, Sponsoring Participants shall otherwise satisfy Bats that they have appropriate controls in place.

Bats may suspend, terminate or restrict a Sponsored Client's right of access to and use of the Bats Markets ~~and~~, the Bats Order Routing Facility ~~and other services~~. For the avoidance of doubt, this includes, but is not limited to, circumstances in which the Sponsoring Participant is no longer able to effectively monitor the activity of its Sponsored Clients or where Bats

considers it necessary to maintain the orderly functioning of its market. Bats may, but shall not be obliged to, give notice to the Sponsoring Participant of its intention to take any action with respect to a Sponsored Client's right of access to and use of the Bats Markets and, the Bats Order Routing Facility ~~and other services~~.

Any Participant proposing to add a Sponsored Client may wish to contact Bats Participant Services to discuss their plans: +44 20.7012.8927 or ParticipantServices@bats.com

7. Continuing Obligations

Participants are responsible for ensuring that, at all times, their directors, officers, employees and agents having access to the Bats Markets, the Bats Order Routing Facility and other services have adequate experience, knowledge and competency to transact business on and through the Bats Markets and provide them with adequate training.

Each Participant shall provide Bats with details of the person or persons who are responsible for:

- i. managing the relationship with Bats;
- ii. ensuring the Participant's compliance with the Rules;
- iii. technical (operations) matters;
- iv. legal documentation;
- v. payment of accounts; and
- vi. requesting changes to the Participant's trading profile e.g. a mass order delete, trade busts.

Notice of changes to such personnel may be made by email to Bats Participant Services: +44 20.7012.8927 or ParticipantServices@bats.com.

It is each Participant's responsibility to ensure that they have in place adequate systems and procedures to ensure their ongoing compliance with the Rules and the standards which might reasonably be expected of Participants.

8. Liquidity Provider Program(s)

The Bats Liquidity Provider Program(s) ("**Liquidity Provider Program**") has been designed for Participants that wish to provide liquidity on Bats by posting and maintaining executable quotes with certain set parameters, as outlined below, with the result of providing liquidity on a regular and on-going basis to the market.

Bats may in its absolute discretion suspend or withdraw the Liquidity Provider Program during Market Disruption.

In order to be considered a Liquidity Provider pursuant to the Liquidity Provider Program, a Liquidity Provider undertakes to quote in accordance with the requirements set out below.

Securities Subject to the Liquidity Provider Program

A Liquidity Provider may elect to add liquidity pursuant to the Liquidity Provider Program in one or more Securities on either or both of the Bats Integrated Books (BXE and CXE). A list of Securities offered on the Liquidity Provider Program is available on the Website. From time to time, Bats may change the list of eligible Securities and will provide such information on the Website.

Required Size

A Liquidity Provider must provide reasonable quotations by maintaining quotes, such that the aggregate displayed size of qualifying bids or offers in any relevant Security of at least the Required Size (as set out in the table below), or the equivalent, as determined by Bats, in the traded currency of the relevant Security, in order for such quotations to qualify as quotations satisfying the requirements of the Liquidity Provider Program.

Specified Price

A Liquidity Provider must enter and maintain bid prices that are no more than the specified percentage below the Bats Best Bid and an offer price that is no more than the specified percentage above the Bats Best Offer (as set out in the table below), with respect to each relevant Security, in order for such bid or offer, respectively, to qualify as a quotation satisfying the requirements of the Liquidity Provider Program.

Required Time

The Liquidity Provider Program is active between the Official Market Open and Order Book Close (as those terms are defined in Section 29), provided, however, the program shall not be active on the Bats MTF (i) during any trading day until after the first transaction on the Listing Market in the relevant Security, (ii) during an auction, a request by the issuer to suspend the relevant Security, a suspension from trading by Bats, or where a Regulator has instructed such suspension (collectively, a “halt”), until after the first transaction on the Listing Market in the relevant Security following such halt, and (iii) in a relevant Security where there is a public holiday on the Listing Market in the relevant Security.

A Liquidity Provider must be present on the Integrated Book for the relevant Security(ies) consistent with the Required Size, the Specified Price and for the Required Time (as set out in the table below). Non Displayed Orders entered by the Liquidity Provider do not qualify towards a Liquidity Provider’s obligations under the Liquidity Provider Program.

Liquidity Provider Program Parameters

Bats has two Liquidity Provider Programs. Participants can choose to provide liquidity for either one or both of these Programs. For the purpose of the Liquidity Provider Program, the Required Size, Specified Price, and Required Time shall be as follows:

	REQUIRED SIZE	SPECIFIED PRICE %	REQUIRED TIME %
Program 1	€5,000	0.25%	80%
Program 2	€5,000	As per LP commitment*	95%

**The Liquidity Provider must commit to a Specified Price that is sufficiently narrow to efficiently fulfil its role for the relevant Security.*

For Program 1, presence on the Bats Integrated Book is calculated as the sum of time, while the Liquidity Provider Program is active, that a Liquidity Provider has qualifying bids or offers divided by twice the time that the Liquidity Provider Program is active. For Program 2, presence is calculated as the time that the Liquidity Provider Program is active and a Liquidity

Provider has qualifying bids and offers displayed simultaneously on both sides of the order book.

Withdrawal from Liquidity Provider Program

Subject to meeting the Minimum Term requirement of 30 days, as set out in the Bats Rules, a Liquidity Provider may voluntarily terminate its status as a Liquidity Provider in either Program 1 or Program 2 by providing Bats with a written notice of such termination. Notifications should be made to Bats Participant Services by e-mail or at Bats' registered office.

A Liquidity Provider may temporarily withdraw its status as a Liquidity Provider in a Security or Securities for compliance reasons, or if it is experiencing technical or operational difficulties. In such circumstances, the Compliance Department of the Liquidity Provider must notify Participant Services by email at ParticipantServices@bats.com of the temporary withdrawal and the reasons for it. Bats may terminate a Liquidity Provider's participation in the Liquidity Provider Program if such Liquidity Provider demonstrates a frequent need to withdraw due to compliance, technical or operational problems.

Fees and Rebates

Liquidity Providers do not receive any additional rebates or pay any additional fees for executions that occur through the Liquidity Provider Program. Standard Bats execution rebates and fees apply. Please refer to the Pricing Schedule located on the Website for further details.

9. Competitive Liquidity Provider Program

The Competitive Liquidity Provider ("CLP") program is a rebate-based scheme designed to encourage quoting activity and therefore increase liquidity in Issuer sponsored Bats Listed Securities.

Any Bats Participant can register as a CLP but must meet the criteria, set on a Security by Security basis, to be rewarded. Bats will have the right to de-register, on a Security by Security basis, any Participant that consistently fails to meet the criteria. Fund details related to each ETF listed on Bats will be provided on the Bats website together with the names of the market makers.

In order for a Security to be in the CLP program it must be admitted to the Bats RM, and the Issuer must have elected to have a CLP program in place for that instrument.

The Issuer will determine with Bats how long the security remains in the CLP program and the value of the incentives paid. Bats reserves the right to vary the amount, duration or any other conditions of the CLP at any time. It is expected that most schemes will run for a minimum of 6 or 12 months and that the financial incentive would only be reduced during the term in exceptional circumstances.

CLPs compete for a known financial rebate amount. Half of the amount is paid on the bid and half on the offer side of the market. The winning CLP(s) on each side will share the daily rebate pro-rata based on their percentage of Size Event Tests (SETs) won during the trading day, and

their quoting performance during the last 10 minutes of trading. A SET is a testing event evaluated randomly within each second between 08:00 and 16:30.

To win a SET on the bid and/or offer side of the order book, a CLP must be at the best bid and/or offer, and quote a minimum notional value (with a small latitude to mitigate price movement). In addition, a CLP must have the most aggregated notional value on Bats on the relevant side of the book when a SET is measured, and quote a minimum notional value on the other side within a maximum number of ticks. Where there is an intraday SET tie, all tied CLPs will receive a SET point.

To be eligible to win the day's award a CLP must win at least 10% of the SETS each day. Where a CLP qualifies by virtue of having earned a minimum number of SETS during the day, its share of the CLP reward is multiplied by the % time they meet the quoting obligation in the last 10 minutes of the trading day i.e. number of SETS x % in last 10 minutes (where 90% or higher is treated as 100%). The ratio of the revised number of SETS is then used to split the available reward between the two CLPs with the most adjusted SETS. This can result in the CLP with more unadjusted SETS being replaced by one with less but a higher % in the last 10 minutes. Where a CLP earns a sufficient number of SETS and performs at 90% or above in the last 10 minutes they will receive a minimum pay out of 25%.

If only one CLP qualifies for the bid or offer reward, that CLP would receive the entire amount of that reward. In the event of a tie for second place (i.e. an equal number of SETS at the end of the trading day), the CLP with the most executed notional value in that security will win. Bats's decisions on CLP allocations will be final.

For each Security under the CLP program, Bats will discuss the value attributed to the key parameters with liquidity providers - i.e. the minimum notional value on one side, the maximum spread and the minimum quotable size on the other side, and the tick size. The parameters set for each scheme will apply equally to all CLPs and will be available to Participants via their secure login. To ensure the CLP program meets its objectives, performance will be monitored and parameters can be adapted.

To support CLPs, if there is an interruption to the exchange order book or a significant volatility event, thresholds and SET calculations may be adjusted at the discretion of Bats. At a Security level, non-attributable data showing the performance of the CLPs will be made available to the CLPs and the Issuer sponsoring the CLP program.

CLP rebates will be calculated to the second decimal place and paid to the CLP on a monthly basis with the CLP rebate identified as a separate line item on the firm's financial statement. All Bats Participants should report OTC transactions in Bats Listed Securities to Bats (whether supported by the CLP scheme or not) or another regulated trade reporting facility with equivalent transparency.

10. PTM Levy (UK Transactions)

Where relevant, a Participant should ensure the collection of the PTM levy from its clients on transactions executed on the Bats Markets, through the Bats Order Routing Facility or any other services. The PTM levy is charged at the rate(s) specified from time to time by the Panel

on Takeovers and Mergers. Information on the current PTM levy is available on the Panel on Takeovers and Mergers' website: <http://www.thetakeoverpanel.org.uk>.

11. Tax (UK SDRT; Irish SDT; French FTT)

All purchases of UK shares on the Bats Markets, through the Bats Order Routing Facility or any other services will be subject to UK Stamp Duty Reserve Tax ("**UK SDRT**") (as defined in the UK Finance Act 1986, as amended). However, some Participants may be able to claim intermediary relief from UK SDRT (as set out in section 88 of the UK Finance Act, as amended).

Any Participant which qualifies as an intermediary (as defined in the Finance Act as a "person who carries on a bona fide business of dealing in chargeable securities and does not carry on an excluded business") will be able to apply to the UK HM Revenue & Customs ("**HMRC**") for intermediary relief (either via Bats or directly to HMRC). Any decision as to whether a Participant qualifies for intermediary relief rests with HMRC. In order for a Participant to be eligible for intermediary relief it must have a UK address for HMRC to inspect its records. In the event that the Participant does not have a UK address then the Participant may use the UK address of its General Clearing Member with their agreement.

If any Participant believes that it can claim intermediary relief and it wants to apply for intermediary relief via Bats, then it is required to forward a completed self-certified UK SDRT Intermediary Relief Form to Bats and Bats will review the form and pass it on to HMRC for processing. The Form is available on the Website.

Where a Participant has opted to suppress the reporting of certain transactions on the Bats Markets to the Central Counterparty(ies), where those transactions are in securities which are subject to UK SDRT, that Participant is required to have in place appropriate arrangements so that each and every qualifying transaction which is suppressed is appropriately notified to HMRC or Euroclear UK and Ireland.

All purchases of Irish shares on the Bats Markets will be subject to Irish Stamp Duty Tax ("**Irish SDT**") (as defined by the Stamp Duties Consolidation Act 1999, as amended). However, some Participants may be able to claim intermediary relief from Irish SDT (as set out in section 75 of the Stamp Duties Consolidation Act 1999, as amended).

If any Participant believes that it can claim intermediary relief, it should read the Irish SDT Guidance Notes and complete the self-certified Irish SDT Intermediary Relief Form. The Guidance Notes and Irish SDT Intermediary Relief Form are available on the Website.

In relation to any financial transaction tax (FTT), Participants whose transactions fall within the scope of a FTT must account for the tax as required, for example through their CSD or through their settlement agent/custodian. For the avoidance of doubt, Bats will not collect or be liable for any tax that might arise as a result of any transaction executed by Participants through its facilities.

12. Notifications

All notifications by Participants to Bats (required by the Rules) should be made no later than the timing specified but ideally should be made in advance of an event triggering a notification and in the case of significant changes to the status or nature of a Participant (such as a change of ownership or control) at least five Working Days prior to the effective date of change.

Notifications should be made to Bats Participant Services at Bats' registered office by mail.

13. Trade Confirmations

Bats will confirm Orders executed through the Bats Markets and Bats Order Routing Facility via the Participant's order entry connection. The price, quantity and the nature of the transaction (buy or sell) will be made immediately available after an Order has been executed. Any discrepancy between the Order and confirmation should be immediately reported to Bats Trade Desk (+44 207.012.8901). After a Participant has notified Bats by telephone, a written notification must be made by the Participant to Bats within thirty (30) minutes of the Order in question by email to TradeDeskEurope@bats.com. The notification should include the name of the Participant, time(s) of the transaction(s), the symbol(s), the quantity(ies), the side (bought or sold) and the price(s).

Any erroneous transactions will be subject to the Erroneous Transaction Policy.

14. Substantial Shareholdings

Each Participant shall ensure that, where necessary, any transactions executed on a Bats Market, through the Bats Order Routing Facility or any other services are incorporated into its calculations with regard to any applicable substantial shareholdings rules established by the FCA or any other relevant regulatory authority.

Where there are relevant requirements under substantial shareholdings rules to notify or seek approval from any person or body as to the existence of a substantial shareholding, Participants must ensure compliance with such requirements. Notification to Bats will not discharge any obligations under any substantial shareholding rules.

15. Rules of Fair Practice

Each Participant shall supervise persons associated with it to ensure its compliance with the Rules and the FCA Rules, the rules and guidance of any other relevant regulatory authority, the EU Market Abuse Directive (2003/6/EC) and any other applicable regulations or laws.

16. Suspension, Termination and Restriction

Notice of suspension, termination or the restriction of a Participant's right to place Orders or receive information from a Bats Market, through the Bats Order Routing Facility or any other services shall be made by telephone or email and confirmed by letter or fax. Bats is under no obligation to notify a Participant before suspending the Participant or restricting the

Participant's right to place Orders or receive information from a Bats Market, through the Bats Order Routing Facility or any other services.

17. Information

In accordance with Rule 9, each Participant shall maintain for a period of 5 years in a legible format and (unless prevented by law from doing so) make available to Bats on demand all and any information in the possession or under the custody and control of the Participant (or any Sponsored Client sponsored by that Participant) relating to its activity on a Bats Market, through the Bats Order Routing Facility or any other services, any Order (including but not limited to information about the reception and transmission of any Order or its subsequent deletion or execution) and the settlement of any resultant transaction.

18. Erroneous Transaction Policy

In accordance with Rule 10.10 of the Rule Book, where a Participant reasonably believes that a transaction was executed on a Bats Market, through the Bats Order Routing Facility or any other services as a result of an erroneously submitted Order, that Participant should in the first instance immediately telephone Bats Market Supervision (+44 20.7012.8927) to request that Bats review the transaction. Once a request is submitted, it may not be withdrawn without the consent of the counterparty(ies) to the transaction. After a Participant has notified Bats by telephone, confirmation of this request must be made by the Participant to Bats within thirty (30) minutes of the execution of the Order in question and no later than 17:10 on the day of the transaction, preferably using the Clearly Erroneous Execution (CEE) Form available through the Participant's web login or by email to TradeReviewEurope@bats.com.

The e-mail request should contain the following details:

Participant	
Security symbol	
Order ID (preferred)	
Execution ID (preferred)	
Price	
Execution time	
Why the transaction is considered erroneous	

In accordance with Rule 10.11 of the Rule Book, Bats may in its sole discretion review any transaction which it reasonably believes was executed as a result of an erroneously submitted Order irrespective of whether any parties to the transaction have requested Bats to review the transaction.

As soon as practicable, Bats will notify all parties to any transaction being reviewed under Rule 10.10 or 10.11 of the Rule Book. The parties to the transaction shall provide any supporting

information as may reasonably be requested by Bats to aid the resolution of the matter in such format and within such time as Bats may reasonably specify in its request. Bats will not disclose the name of the counterparty to the trade unless each of them waives their right to anonymity.

Participants must provide Bats as soon as reasonably practical with any information requested by Bats about a potentially erroneous transaction (in accordance with Rules 10.9 and 10.10 of the Rule Book) so that the matter can be resolved during the same trading day before the end of the day cut-off imposed by the relevant Central Counterparty(ies) for processing transactions.

When reviewing a transaction in accordance with Rule 10.9 or 10.10 of the Rule Book to determine whether a transaction is clearly erroneous, Bats will consider the importance of preserving the integrity of the Bats Markets, including the importance of preserving certainty of transactions executed on the Bats Markets. Bats will review every case on its own merits and may consider, without limit, any of the following criteria:

- i. the price at which the Order was executed, including, where relevant, whether the price at which the Order was executed was more than 5% away from a suitable reference price. For the Bats Markets, this will typically be the price of the last transaction on the Listing Market or any other relevant MTF. Bats will in its sole discretion determine the reference price;
- ii. information gained from the relevant Participants;
- iii. Bats' analysis of relevant market data;
- iv. Bats' analysis of relevant market events;
- v. any system errors and/or failures that impact market integrity;
- vi. any Negotiated Transactions which do not comply with the pricing criteria defined in the Bats Rule Book; and
- vii. any Negotiated Transactions which have been notified to Bats using a Matching Exchange Trade Report and for which no Matching Confirmation has been received.

As soon as practicable, Bats will notify all parties to any transaction being reviewed under Rule 10.9 or 10.10 of the Rule Book whether the transaction(s) will stand or be cancelled by email.

Where an Order has been routed to an Away Venue through the Bats Order Routing Facility, Bats will typically follow the rules and procedures of that Away Venue.

Where a Participant becomes aware that details of a Negotiated Transaction that has been notified to Bats using an Exchange Trade Report are incorrect, it should immediately request that Bats cancel or amend the Exchange Trade Report. Where the Participant is both the buyer and seller (single-party) or the Trusted Counterparty (multi-party) of the Negotiated Transaction, this request may be made electronically. Electronic cancellation and amendment requests are possible up to 5:30PM on the sixth calendar day after the transaction for non-CCP cleared trades, and up to 5:30PM on the day of the trade for CCP cleared trades. A maximum of three electronic amendments are possible for any particular trade. The availability of this functionality does not remove the obligation on Participants to ensure that Exchange Trade Reports are accurate and that Bats is made aware of any errors as soon as they are detected.

If Bats concludes that an Exchange Trade Report has been accepted in error by Bats as a result of a Bats system malfunction then that transaction will be considered to be erroneous and Bats will cancel the transaction if it receives a request from either counterparty.

19. Default

In case of a default by a Participant all transactions executed on the Bats Markets will be dealt with according to Rule 17 of the Rule Book.

20. Complaints

In the event that a Participant has any complaint against or is not satisfied with the service provided by Bats or the operation of a Bats Market, Bats Order Routing Facility, or any other services, the Participant should inform Bats' Compliance Department. Complaints should be sent to ComplianceEurope@bats.com or 6th Floor, 10 Lower Thames Street, London, EC3R 6AF.

All complaints will be considered by Bats who will determine what action to take in response to the complaint.

Where Bats and a Participant cannot agree on the resolution of a complaint, the Participant may request that the complaint is referred to the Independent Complaints Commissioner.

21. Currencies Quoted

Local currency for each Security: GBX, EUR, NOK, DKK, SEK, CHF, USD.

22. Eligible Securities

Bats offers trading in financial instruments, including constituents of major European indices, Depository Receipts (DRs), Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs) and Exchange Traded Currencies. Bats will notify Participants of details of eligible Securities from time to time and will display a list of eligible Securities on the Website.

Participants will be permitted to trade in all Securities for which they have valid clearing arrangements, as confirmed by the relevant Central Counterparty. Participants should ensure that they only enter Orders into a Bats Market, through the Bats Order Routing Facility or any other services for those securities where they have the appropriate regulatory permissions. A Participant may contact Bats Participant Services at any time to amend its access rights.

Securities will only be available through the Bats Order Routing Facility where they are admitted to trading on a Bats Markets.³ With respect to the Bats MTF, Participants may request that a Security be admitted to trading by contacting Bats Participant Services and

³ BATS maintain on the Website a list of securities available through the BATS Order Routing Facility.

providing details of the Security. Bats will determine whether or not the Security will be admitted to trading and the results of that determination will be communicated to the Participant. Requests for addition should be made prior to 10:00AM on the Working Day prior to the desired first day of trading. With respect to the Bats RM, Securities may be admitted to trading subject to meeting the requirements of the Issuer Rules, and having an application for admission approved. Bats reserves the right to add to and delete Securities from a Bats Market, or from the list of Securities which may be traded through the Bats Order Routing Facility or any other services, if Bats deems it necessary or desirable to do so.

Any additions and deletions of Securities traded on the Bats Markets, through the Bats Order Routing Facility or any other services will be communicated to Participants and will be displayed on the Website.

Bats will not offer trading on the Bats MTF in any securities which are not listed or admitted to trading on at least one of the principal European Exchanges. However, this may include admitting newly listed securities to the Bats MTF on the first day of trading.

23. Minimum and Maximum Order Sizes

Minimum Order Size:	1 Share for all markets.
Maximum Order Size:	99,999,999 Shares for all markets.

24. Clearing and Settlement

Interoperable Central Counterparty Model

All Participants must have an appropriate clearing relationship with a Central Counterparty either directly or through a General Clearing Member. A list of eligible Central Counterparties is on the Website.

Under the interoperable Central Counterparty model, where a transaction occurs between two Participants, each leg of the transaction will be sent to the Participant's respective interoperable Central Counterparty for clearing and settlement processing.

Clearing Suppression Service

Participants have the option to suppress the reporting of transactions conducted on the Bats Markets to the Central Counterparty(ies) where there is no net settlement; that is, where the Participant, clearing method (as a Direct Clearing Member or through a General Clearing Member) and the account type (either House or Client) are all the same. These transactions will not be sent to or cleared by the Central Counterparty(ies). Participants who wish to suppress the reporting of qualifying transactions to the Central Counterparty(ies) may do so on an opt-in basis for specified Listing Markets by contacting the Bats Europe Trade Desk (+44.207.-012.8901, TradeDeskEurope@bats.com).

Settlement Location

Unless agreed otherwise, a transaction in any European Security shall be settled in accordance with the standards set by the local Central Securities Depository (CSD) for that Security, as published by Bats and its CCPs from time to time. The normal settlement location and cycle for a market segment supported by Bats is listed below:

MARKET SEGMENT	SETTLEMENT LOCATION	SETTLEMENT TIMELINE
Austria	OEKB	T+2
Belgium	Euroclear Belgium	T+2
Denmark	VP Security Services	T+2
Finland	Euroclear Finland	T+2
France	Euroclear France	T+2
Germany	Clearstream Frankfurt	T+2
International Depository Receipts (IDRs)	Euroclear Bank	T+2
Ireland	Euroclear UK and Ireland	T+2
Italy	Monti Titoli	T+2
Netherlands	Euroclear Netherlands	T+2
Norway	VPS	T+2
Portugal	Interbolsa	T+2
Spain	Iberclear	T+3
Sweden	Euroclear Sweden	T+2
Switzerland	Sega Inter Settle	T+2
UK	Euroclear UK and Ireland	T+2
Bats RM	Euroclear UK and Ireland	T+2

Settlement practices

In exceptional circumstances, Bats or the relevant Central Counterparty may:

- i. Change the settlement location of a Security, if it believes that settlement liquidity in a particular Security has shifted from one CSD to another
- ii. Extend the settlement date of a Security for an off order book transaction.

The above courses of action will be taken in conjunction with the Central Counterparties supporting the Bats market.

Dual ISINs

Please note that due to Bats trading in multiple European market segments, Participants may trade and settle Securities with the same ISIN in multiple locations. The settlement location for each unique ISIN / currency / market segment combination is defined by the above table.

An example is shown below:

STOCK NAME	ISIN	CURRENCY	MARKET SEGMENT	SETTLEMENT LOCATION
STMicro Electronics	NL0000226223	EUR	France	Euroclear France
STMicro Electronics	NL0000226223	EUR	Italy	Monti Titoli

25. Time in Force Values

Orders may specify one of the following time in force values (each a "**Time in Force Value**"):

IOC – immediate-or-cancel

DAY – available for trading during trading hours

GFA – expires at the end of the periodic auction before the next auction match attempt

GTD – expires at the earlier of the specified expiry time or at the end of the trading day.

The following additional Time in Force Values are available on the Bats RM:

AtTheOpen – available for trading during the opening auction

AtTheClose – available for trading during the closing auction

All remaining Orders (including GTC Orders) shall expire at the end of the Bats trading day.

26. Minimum Tick Increment

Bats minimum tick size increments are available on the Website.

In the Dark Book, non-standard tick prices are supported for order submission. However, executions will only occur at a level that matches the tick increment or half tick increment for the stock.

27. Order and Trade Types

Bats Markets

Limit Orders

Bats accepts limit Orders in the Integrated and Periodic Auction Books.

Market Orders

Bats accepts market Orders in the Integrated and Periodic Auction Books. Bats imposes a limit price on all market Orders. The limit price provided by Bats on any market Order is 1% away from the EBBO but at least 0.1 traded currency units. Where the provided limit price would exceed the Order Price Collar, the limit price will be one tick inside the Order Price Collar. All market Orders are implicitly IOC.

Non Displayed (Hidden) Orders

Bats allows Non Displayed Orders. Orders with a Time in Force Value of IOC are not classified as Non Displayed Orders.

All Non Displayed Orders in the Integrated Books must, where applicable, satisfy at the time of entry the qualifying Large in Scale (LIS) criteria specified in table 2 to Annex II of the Markets in Financial Instruments Directive (MiFID) Regulation. For financial instruments not covered by the MiFID LIS criteria, all Non Displayed Orders must satisfy at the time of entry the criteria determined by Bats, which shall be displayed on the Website.

In the Integrated Books, Displayed Orders receive the highest time priority over all other Order types. Non Displayed Orders receive the lowest time priority.

Non Displayed Orders in the Dark Books must be flagged as midpoint but do not have to satisfy the MiFID LIS criteria. Participants may attach an absolute limit to their Orders, such that where the reference price (that is, the midpoint of the PBBO) is more aggressive than the specified limit, the Order will not be available for execution.

Executions in the Dark Books will only occur at the midpoint of the PBBO.

Participants can set a Minimum Quantity (MinQty) for the above Non Displayed Orders. Participants can configure this behaviour to, upon entry, either allow multiple fills that in aggregate fulfil the MinQty or require that the MinQty is executed in a single fill. Once resting, orders with a MinQty can only be executed in a single fill that satisfies the MinQty set. Where an Order is partially filled and the residual Order size is lower than the MinQty, the MinQty will be reset to the residual Order size.

Reserve (Iceberg) Orders

In the Integrated Books, reserve quantities of an Order are filled only after Displayed and Non Displayed Orders are filled. With this Order type, a Participant can set the amount of the Order to be displayed and the amount of the Order to keep in reserve and how many shares are to be “reloaded” after the displayed portion is filled with each execution.

Iceberg orders are available in the Periodic Auction Books although they will be treated as limit orders with their total volume and no reserve.

Pegged Orders

In the Integrated Books on the Bats MTF, Bats allows Orders to peg to the PBBO in four ways:

- i. Primary – pegs to the same side of the PBBO as the Order
- ii. Market – pegs to the opposite side of the PBBO from the Order
- iii. Midpoint – pegs to the midpoint of the PBBO (non-displayed)
- iv. Alternate Midpoint – pegs to the less aggressive of the midpoint of the PBBO or 1 tick inside the same side of the PBBO as the Order

Primary and Market pegs may include a non-aggressive offset. Midpoint pegs may not include an offset. All pegged Orders are ranked at a lower priority than non-pegged Orders. Midpoint peg Orders have a lower priority than other peg Orders ranked at the same price.

In the Integrated Books on the Bats RM, Bats allows orders to peg to the Bats Best Bid and Offer (“BBBO”) in two ways:

- i. Market – pegs to the opposite side of the BBBO from the Order
- ii. Midpoint – pegs to the midpoint of the BBBO (non-displayed)

Participants should note that where market data is unavailable from a particular Listing Market for whatever reason, pegged orders will not normally be supported in relation to those markets. Further information on affected markets will be made available on the Bats website or via a Trade Desk Notice. Alternatively, Participants can contact the Bats Trade Desk.

In the Periodic Auction Book Bats allows orders to peg to the mid-point EBBO. Participants can request on the order that in the event that the Listing Market prices are not available that the order is not available for execution.

Post Only Orders

Bats only allows post only Orders in the Integrated Books. Post only Orders allow Participants to make a market and specify not to remove liquidity. Any incoming displayed post only Order that would cross with a resting passive Order will be rejected. Any Non Displayed post only Order that would cross with a resting passive Order will not be rejected but will not be available for execution until a re-evaluation event has occurred, such as a new incoming Order or a price movement in the applicable reference price.

Sweep Orders

i. *Integrated Book*

Allows Participants to access both the BXE and CXE Integrated Books. The Participants book of entry will be associated to the order entry port (e.g. BXE Integrated Book via the BXE port) before any remaining quantity is sent to the other book (e.g. CXE Integrated Book). Non-IOC residual order quantity will be posted to the book of entry (e.g. BXE Integrated Book).

Best Price Sweep Orders will work through price levels from the combined order books, to the limit price.

Sequential Lit Sweep Orders will execute to the limit order price on the book of entry before any remaining quantity is sent to the other book. Please note that using the Sequential Sweep Order could result in Participants trading at prices that are worse than those available on the other book

Where Bats only provides one Integrated Book for a security, Sweep Orders will be accepted but will behave according to the time in force value given.

ii. *Dark Book*

Allows Participants to access both the BXE and CXE Dark Books. The Participants book of entry will be associated to the order entry port (e.g. BXE Dark Book via the BXE port). Any remaining quantity will then be sent to the other book (e.g. CXE Dark Book). Non-IOC residual order quantity will be posted to the book of entry.

Where Bats only provides one Dark Book for a security, Sweep Orders will be accepted but will behave according to the time in force value given.

iii. *Dark-Lit*

Allows Participants to access both the Dark and Integrated Books of either BXE or CXE using a single order. Where the Dark Book offers an equal or better price than the Integrated Book, the order will execute against available liquidity in the Dark Book. Any remaining quantity will be sent to the Integrated Book. Where the Integrated Book offers a better price than is available in the Dark Book, the order will execute first against the Integrated Book and will only execute against the Dark Book if there is sufficient quantity remaining once all better priced orders in the Integrated Book have been exhausted. Non-IOC residual order quantity will be posted to the Integrated Book. For further information on which markets support this order type, please review Participant Notices on the Bats website or contact the Bats Trade Desk.

Bats SELECT: Bats Order Routing Facility

All order routing is performed by Bats' subsidiary that is authorised and regulated by FCA as an investment firm.

Bats Select is a suite of order routing services available to Participants and supports order entry on ports associated with either BXE or CXE. All Bats Order Routing strategies will first

access the Dark Book and then the Integrated Book associated with the order entry port (BXE or CXE) on which the order was received, prior to accessing the other Bats Integrated Book and one or more Away Venues. After exhausting available liquidity on the Bats books and the chosen Away Venues, Participants will have the option to post any remainder on the Dark Book or Integrated Book associated with the order entry port on which the order was received. The default configuration is for any remainder to post on the relevant Integrated Book unless the Order is marked Immediate Or Cancel (IOC).

Bats+ Primary

The Bats+ Primary strategy provides access to either the BXE or CXE Dark Book, then the associated Integrated Book, up to the limit price of the order, before sending any remaining quantity to the listing market of the security at the limit price of the order.⁴

DRT

The DRT strategy provides access to either the BXE or CXE Dark Book, then the associated Integrated Book, up to the limit price of the order, before sending any remaining quantity to one or more non displayed Away Venues in accordance with the Participant's preferences. Bats will only maintain relationships with non displayed Away Venues that provide quality executions in terms of meaningful fill rates and fast executions. Full anonymity on each Order is maintained for non displayed Away Venues and Participants at all times. Accessing non displayed Away Venues can add up to 25 milliseconds to Order lifetimes. In most cases, Away Venues provide Indications of Interest (IOIs). Where an Away Venue provides IOIs, DRT will only route to the venue when an eligible IOI exists. Participants are able to select their preferred Away Venue(s).

Smart Order Routing

The Bats Select Facility offers 'Smart Order Routing' strategies for accessing displayed liquidity in away markets. Multiple options are available with each strategy, including the ability, on an Order by Order basis or at a port level, to incorporate DRT routing prior to accessing displayed Away Venues.

In the case of an Order received into BXE (CXE), after accessing the BXE (CXE) Dark Book and Integrated Book (and optionally routing to non displayed Away Venues via DRT), any remaining quantity will be available for routing to the CXE (BXE) Integrated Book and displayed Away Venues using the chosen strategy. For displayed Away Venues at the same price level, the Bats Order Routing Facility uses several factors, including liquidity, cost and speed of execution, to determine priority.

i. Parallel Depth

The Parallel Depth strategy aims to achieve the best price by splitting a routable order and sending portions of it to multiple Away Venues simultaneously at the same price level (i.e., the current EBBO). Once liquidity at a price level is exhausted (i.e. the EBBO has changed), the Bats Order Routing Facility re-evaluates available displayed quotes up to and including the limit price on the original Order and divides the remainder of the Order to send to Away Venues.

⁴ Refer to the BATS Market Guide for a list of available Away Venues.

ii. *Parallel 2Depth*

The Parallel 2Depth strategy aims to provide a faster execution by splitting a routable order and sending it to multiple market centres at multiple price levels simultaneously to maximise fill rates. The Bats Order Routing Facility considers multiple price levels at a time, and may route to Away Venues with prices through the EBBO, subject to the limit price on the original Order.

iii. *Re-Route*

The Bats Order Routing Facility offers two Re-Route options for the Smart Order Routing strategies: Re-Route on Lock and Re-Route on Cross. The Re-Route options are available for Orders that have unexecuted quantity resting on the relevant BXE or CXE Integrated Book.

Re-Route monitors quotes from other market centres and the alternate Bats Integrated Book, and proactively searches for more liquidity when marketable liquidity becomes available elsewhere. Two Re-Route options are available:

- Re-Route on Lock – The order will re-route if another market or book locks or crosses the resting order.
- Re-Route on Cross – The order will re-route only if another market or book crosses the resting order.

Exchange Trade Reports (“ETRs”)

The ETR trade type allows Participants to transact off-order book Negotiated Transactions and Large In Scale Transactions (“Off-book Transactions”) on the Bats Markets. Off-book Transactions are subject to the Rules, including meeting section 11 or 12 of the rules as appropriate. Upon receipt of an ETR, the Off-book Transaction will be acknowledged to the Participant and reported to the CCP(s) where appropriate. Participants should note, due to restrictions at some CCPs, Participants wishing to enter trades above €30 million should first contact Bats Participant Services as trades above this value may be subject to rejection by those CCPs.

Off-book Transactions will be published in real time unless the Participant has requested trade reporting suppression or a delay for which the report is eligible. Participants must include transaction time in the ETR unless the transaction was conducted electronically and reported in real time, when Bats will populate the transaction time as being the time of receipt. Where the ETR is being used to report a trade which is netting business that has already been transacted and published, Participants must request trade reporting suppression upon submission of the ETR.

Rules 11.1.4 (d) and 11.1.5 permit the submission of Negotiated Transactions where they are subject to conditions other than current market price, provided that they are identified as such in the ETR using the “S” – Special Price Flag. Examples of the types of transactions for which this would be appropriate include, but are not limited to:

- i. special cum or ex dividend / coupon / rights / bonus / capital repayment trades;
- ii. guaranteed delivery trades;
- iii. where the transaction is part of a portfolio trade;
- iv. VWAP trades;

- v. “give ups”;
- vi. special price trades;
- vii. trades for non-standard settlement.
- viii. Responsibility for submission of ETRs

Participants must ensure that duplicate ETRs are not submitted. Rule 11.3 requires that the selling Participant submits the ETR, unless the Participants are using Matching Exchange Trade Reports (see below) or have agreed otherwise. Accordingly, in the event that two ETRs are received for the same trade, the buying Participant will be considered to be in breach of the rule unless it can demonstrate that agreement was reached for them to report.

Trusted Counterparties

Before Participants are able to submit ETRs for Off-book Transactions with other Participants, or in the case of Arrangers, on behalf of other Participants, they must be approved by the other Participant(s) to do so. A Participant should pre-approve any Participants that it is prepared to accept ETRs from using the Bats Europe Exchange Trade Report Counterparty Trust Matrix form. Bats will maintain a record of all “trusted” relationships and will only accept ETR submissions, amends and cancels between Participants where the appropriate trusted relationship exists between the submitting Participant and its counterparty or between the Arranger and both counterparties to the submitted trade.

Submission Via Third Party Matching Service

Participants may also elect to submit ETRs via a third party matching service. In this case, both Participants must have enabled the third party matching service provider as a reporting channel. A list of service providers that have the connectivity and have passed the appropriate conformance tests to be able to offer this service will be provided by Bats on request.

Matching Exchange Trade Report (“METR”)

Participants can also report NTs to Bats using METRs. When using this method, the selling Participant must submit a METR to Bats and the buying Participant must submit a Matching Confirmation. The METR and Matching Confirmation contain primary and optional secondary matching fields. While both Participants have an obligation to submit either an METR or Matching Confirmation, the selling Participant will be responsible for providing certain details, such as the trade time. Participants are not required to enter into trust relationships to enter into Off-book Transactions using METRs.

Where the price of a METR and Matching Confirmation do not match completely but the tolerance selected by the buying Participant allows for the price submitted by the selling Participant, then it is the price provided by the selling Participant that will be applied to the transaction.

Delayed Publication

Rule 11.6 permits Participants to request that the publication of a Negotiated Transaction that has been reported using an Exchange Trade Report be delayed in certain circumstances. Where a delay is requested, and if a transaction meets the size requirement, Bats will apply the delay as set out in the table below. Average Daily Turnover for shares that are included in the ESMA MiFID database will be the value published by ESMA. For Swiss securities the Average Daily Turnover will be the value published by SIX Swiss Exchange, where available. ETFs and

ETPs will receive the delays detailed in the table below on the basis of trade size. All other instruments will be given an appropriate Average Daily Turnover value as indicated in the Symbol Reference Data file. Where an instrument is traded in a currency other than Euro, Bats will convert the values in the table below using the appropriate exchange rate as published by ESMA. Where ESMA does not publish an exchange rate, Bats will use a suitable alternative.

	Class of shares in terms of Average Daily Turnover (ADT)				
	ADT < €100,000	€100,000 <= ADT < €1,000,000	€1,000,000 <= ADT < €50,000,000	ADT >= €50,000,000	All ETFs and ETPs
	Minimum qualifying size of transaction for permitted delay				
60 Minutes	€10,000	Greater of 5% of ADT and €25,000	Lower of 10% of ADT and €3,500,000	Lower of 10% of ADT and €7,500,000	Greater than €7.5m
180 Minutes	€25,000	Greater of 15% of ADT and €75,000	Lower of 15% of ADT and €5,000,000	Lower of 20% of ADT and €15,000,000	Greater than €15m
Until end of trading day (or roll-over to noon of next trading day if trade undertaken in final 2 hours of trading day)	€45,000	Greater of 25% of ADT and €100,000	Lower of 25% of ADT and €10,000,000	Lower of 30% of ADT and €30,000,000	Greater than €30m
Until end of trading day next after trade	€60,000	Greater of 50% of ADT and €100,000	Greater of 50% of ADT and €1,000,000	100% of ADT	
Until end of second trading day next after trade	€80,000	100% of ADT	100% of ADT	250% of ADT	
Until end of third trading day next after trade		250% of ADT	250% of ADT		

Settlement Price and Non-Standard Settlement

Participants can use additional fields on the ETR message to request that the CCP or CCPs settle Off-book Transactions at a price other than the transaction price. Participants can also request that the CCP or CCPs vary the settlement date. Valid settlement dates range from T+1 to T+30. Please note that any values populated in these fields do not alter the terms of the transaction on Bats and will have no effect on transactions where clearing has been suppressed. This functionality is not currently supported for Off-book transactions that are reported using METRs.

28. Order Management

No guarantee is made about system performance, especially during periods of high volatility and Order traffic. However, the Bats system was designed to handle at least 500 incoming messages per second, per port, while providing acceptable Order acknowledgement times. Participants planning to send Orders at a higher rate than 500 Orders per second should make arrangements to connect to multiple ports. Any incoming Orders in excess of 5,000 messages per second per port will be rejected.

29. Technical Requirements

The technology and infrastructure requirements which are necessary to connect to and operate on the Bats Markets, including connectivity requirements, FIX specification, BOE specification and market data specifications are published and regularly updated on the Website.

Bats publishes all connectivity options in the **Bats Connectivity Manual**. Participants are responsible for choosing their telecommunications provider and arranging connectivity and for complying with the requirements as specified by Bats from time to time.

30. Trading Hours (London Time)

Bats Market

07:00 testing	Market data feeds and order entry handlers are available for connectivity
07:00	Bats Trade Desk Staffed, NOC Desk Staffed, Participant Services Staffed, Development Support Available
07:50	Pre Market Open (ETRs can be submitted and opening auction will begin on Bats RM)
08:00	Official Market Open (This may be delayed up to 08:06:30 on the Bats RM if the opening auction triggers extension periods)
16:30	Official Market Closed (Our book for the trading day is closed and all outstanding day Orders are cancelled although submission of ETRs can continue. The closing auction will begin on the Bats RM)
16:35	Bats RM closing auction uncrossing (This may be extended up to a maximum of 16:41:30 if all extension periods were to be triggered)
17:30	After Market Closed (ETRs can no longer be submitted)

17:45 All inbound connections are severed

18:00 Bats Trade Desk Closed

18:00 NOC Desk Closed

The trading hours of the Bats Markets may not be the same as other Listing Markets. Changes to trading hours will be notified to Participants a reasonable time in advance of such changes.

Bats Order Routing Facility

The Bats Order Routing Facility will be available during the trading hours of the Bats Markets.

Trading Phases

Bats publishes a trading phase indicator via market data. Each indicator and associated phase, along with a detail about trading behaviour in that phase, are described in the table below.

INDICATOR	TRADING PHASE	DESCRIPTION
T	Trading	Indicates continuous trading is taking place. Order entry and off-book reporting channels are open.
R	Off-book Reporting	Indicates off-book reporting channels are open (continuous trading is unavailable and order entry is not permitted).
O	Opening Auction	Indicates that an opening auction is taking place. Order entry and off-book reporting channels remain open but no automated executions are taking place.
E	Closing Auction	Indicates that a closing auction is taking place. Order entry and off-book reporting channels remain open but no automated executions are taking place.

M	Market Order Imbalance Extension Period	Indicates that a market order imbalance extension period following an auction is taking place. Order entry and off-book reporting channels remain open but no automated executions are taking place.
P	Price Monitoring Extension Period	Indicates that a price monitoring extension period following an auction is taking place. Order entry and off-book reporting channels remain open but no automated executions are taking place.
C	Closed	Indicates that the order book is closed and no matching is taking place. Order entry and off-book trade reporting channels are closed.
S	Suspension	Indicates the Bats Market is in a suspended state. Continuous trading is unavailable, all existing orders are cancelled, order entry and off-book trade reporting is not permitted
N	No Reference Price	Indicates there is no reference price for dark matching available. Dark book matching is unavailable and pegged orders are withdrawn from the market. If the reference being used is from another venue then routing to that venue may be impacted.
V	Volatility Interruption	Volatility Interruption indicates that the static price collar has been reached. This will prevent the acceptance of new aggressive orders that breach the static threshold. For further detail see the Static Price Collar section of the Participant Manual.

31. TRADING DAYS

Bats MTF

The Bats MTF will be open for business and offering trading in all Securities where the Listing Market is open on that day. Bats MTF opening hours and holiday schedule can be found on the Website.

Bats RM

The Bats RM will be open for business on all days on which the Bats MTF is open unless otherwise detailed on the Bats RM holiday schedule. Bats RM opening hours and holiday schedule can be found on the Website.

Bats Order Routing Facility

The Bats Order Routing Facility will be available on the days when the Bats Markets are open for business. Bats Order Routing Facility opening hours and holiday schedule can be found on the Website.

32. Participant Notices and Amendments to the Rules

Bats shall publish or issue Participant Notices or otherwise notify Participants from time to time relating to such matters as amendments to the Rules, notification of the addition or removal of securities, changes to arrangements for trading a security (for example to reflect corporate actions). Participant Notices will be displayed on the Website and emailed or copied to every Participant where they relate to a Material Amendment to the Rules. Following a Participant Notice of a Material Amendment to the Rules, Bats will monitor feedback from Participants and may set up a Participant consultation group to consider the proposed Rule further.

33. Fees and Charges

Each Participant shall pay Bats all applicable fees, charges and costs. These will be set out in the Fee Schedule (as amended from time to time) displayed on the Website.

Any applicable fees, charges and costs imposed by Bats may also be subject to UK Value Added Tax or any other applicable taxes which each Participant shall also pay.

Bats reserves the right to charge interest on any amount due to Bats from the date on which payment was due to the date of actual receipt at such rate or rates as Bats may specify from time to time in the Fee Schedule.